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PANEL SAYS FEDERAL CORPORATION SHOULD REPLACE FAA

A report commissioned by the Air Transport Association recommends that nearly all of FAA's current functions be turned over to a federal corporation that would have the authority to levy user charges to finance operation of the air traffic control system and provide funds for airport development. A panel of the National Academy of Public Administration said there has been a "general decline in the overall ability of the ATC system to perform at top effectiveness and to respond swiftly to the demands placed on it." The panel stated that while the decline thus far in the ATC system is in "overall management effectiveness, not in operational safety," further deterioration "eventually will jeopardize the capacity to sustain the operational safety and the overall excellence of the system."

The panel recommends establishing a Federal Aviation Authority to assume nearly all current FAA functions. The ATC system would be placed under the Defense Department in wartime. The authority would report to the Secretary of Transportation, but would not be part of the department. Its chief executive would be appointed for a fixed term by the President, as would an advisory board representing principal aviation and user interests. It would be free to enter into contracts, acquire and dispose of property, sue and be sued and administer corporate user charges. DOT would have approval authority over specific user charges.

The panel noted that the political and policy environment of the federal government has become "markedly worse, especially for the execution of operations-oriented activities of the kind administered by FAA." Deficits, fiscal pressure and budget cuts mandated by the Gramm-Rudman legislation have forced the Office of Management and Budget "into an institutional stance of finding ways to constrain budgets rather than forming balanced judgments reflecting the public's needs and interests," the report said.

An ATA spokesman said a task force will be formed within ATA to examine the report which will then make recommendations to ATA's board of directors. The ATA board is expected to consider the matter at its June meeting. The report is expected to stir considerable debate among all segments of the aviation community, many of whom have expressed frustration with FAA's inability to address problems quickly because of fiscal and organizational constraints. There is concern, however, about how such a private corporation would operate and how various segments of the industry would be represented.

NBAA URGES IRS TO CHANGE PROPOSED AIRCRAFT VALUATION RULES

National Business Aircraft Association has urged the Internal Revenue Service to make a number of changes in its proposed aircraft valuation regulations. In comments filed with IRS this month, NBAA said that despite revisions in IRS' original proposals for taxing the personal use of business aircraft, the latest proposals contain areas that "still raise serious concerns among those involved in and affected by general aviation."

The original IRS proposals for taxing private use of business aircraft—action mandated by the Tax Reform Act of 1984—were published 15 months ago and were immediately met with opposition from aircraft users (BA, Jan. 7/1). In the interim, IRS has deleted some of the most objectionable proposals,

(Continued on the following page)

NOW ONLINE WORLDWIDE

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NBAA (Cont.)

agreeing to equate the value of a particular flight with the size of the aircraft involved and permitting some personal travel without penalty if 50 percent or more of an aircraft's regular passenger seating capacity is used by persons traveling for business reasons (BA, May 6/137).

NBAA said the seating capacity rule should be replaced with a passenger percentage rule "under which the percentage of business passengers must be 50 percent or more of the total passengers in order for a personal passenger to realize a zero valuation." The association said IRS' seating capacity rule is "far too rigid to adapt to the realities of normal business operations of non-commercial aircraft" and is unnecessarily complex. NBAA said its alternative proposal "eliminates all of the unnecessary complications, administrative difficulties and inequities inherent" in the IRS rule. NBAA also said that seats occupied by directors and business guests of the company operating the aircraft should be counted toward satisfying either the present seating capacity rule or the passenger percentage rule.

The valuation of flights taken by so-called "control employes" also should be reduced, NBAA said, charging that under the IRS rules the value of such flights "are unrealistically high." The association said control employe flights should be valued "as if taken by a non-control employe when more than 25 percent of the seats (or passengers) are occupied by or consist of business passengers."

NBAA will be among those testifying on the IRS rules at a public hearing set for April 29-30 in Washington. Persons subject to aircraft fringe benefit taxation for 1985 have the option of using either the original rules published in January of 1985 or the revised version that was issued in December, but it is expected the revised rules will offer more benefits to most individuals.

REGULATIONS LIMIT REIMBURSEMENT FOR USE OF CORPORATE AIRCRAFT -- Regulations adopted by the federal government will limit the amount of reimbursement that government contractors can claim for use of corporate aircraft in performing work for the government. The new rules, which went into effect April 7, were published in the April 9 Federal Register. The rules generally disallow reimbursement for air travel costs that are "in excess of the lowest customary standard, coach or equivalent airfare offered during normal business hours..." The regulations state that "the costs of travel by contractor-owned, -leased, or -chartered aircraft are limited to the standard airfare (described above) unless travel by such aircraft is specifically required by contract specification, term or condition or a higher amount is approved by the contracting officer." Higher airfare reimbursement may be permitted if regular airline accommodations would entail circuitous routing, require travel during unreasonable hours, excessively prolong travel, result in increased cost that would offset transportation savings, or are unsatisfatory for medical or physical needs of the person traveling. The regulations state that "In all cases, travel by contractor-owned, -leased or chartered aircraft must be fully documented and justified," including examination of flight manifests and logs noting dates, times, points of departure and destination, names and titles of contractor employes and purpose of the trip.

REGIONAL PASSENGER BOARDINGS, TRAFFIC INCREASE IN 1985 -- Traffic for regional airlines in the U.S. increased by 13 percent in 1985 to 4.72 billion revenue passenger miles, up from 4.17 billion a year earlier. Passengers carried increased by 4.6 percent, from 26.1 million to 27.3 million despite the fact that the number of passenger carriers operating decreased by 12 percent, from 203 in 1984 to 179 last year.

According to data prepared for the Regional Airline Association's annual report, passenger aircraft in regional service declined from 1,747 in 1984 to 1,745 in 1985, with the "average" carrier flying 152,000 passengers during the year, using 10 aircraft with an average 19-seat configuration. RAA said hours flown in revenue service increased by three percent, from 2.7 million to 2.8 million. Airports served by regionals increased by two, from 852 to 854, while airports served by major or national carriers decreased from 283 to 278.

RAA reported turboprops were the leading aircraft used by the regional airlines with a total of 989, followed by 439 multi-engine piston models, 247 single engine, 36 helicopters and 34 jets. Number of turbine aircraft topped the 1,000 mark and accounted for 93 percent of traffic industry wide (see charts on the back of Pages 114-116 and 118).

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TOP REGIONAL CARRIERS IN 1985

Rank	Carrier	Codes Shared	1985 Passengers	1984 Rank
1.	Air Wisconsin	UA	1,726,874	4
2.	Mid-Pacific		1,363,863	1
3.	Empire (1)	PI	1,310,889	5
4.	Britt	PE/PI	1,251,884	3
5.	Metro (2)	AA/EA	1,121,678	6
6.	Atlantic Southeast Airlines	DL	982,282	12
7.	Horizon	UA	942,000	7
8.	Henson	PI	878,659	9
9.	PBA	PE	773,182	2
10.	Air Midwest	AA/EA/OZ	761,083	10
11.	Simmons	AA/RC	748,217	22
12.	Skywest	WA	691,236	11
13.	Comair	DL	625,537	18
14.	Pansome Airline	DL	609,022	14
15.	Brockway (3)	PI/AL	597,219	31
16.	Aspen		571,028	17
17.	Business Express (4)		493,000	
18.	Pennsylvania	AL	485,942	16
19.	Rocky Mountain		429,720	15
20.	Royale	CO	414,254	20
21.	Suburban	AL	391,183	24
22.	Name withheld by request		374,554	
23.	Wings West	AA	364,962	23
24.	Name withheld by request		360,000	
25.	Chautauqua	AL	358,607	32
26.	Bar Harbor	EA	357,719	28
27.	Midstate		347,655	30
28.	Cascade (5)		323,472	21
29.	Command	AA	262,651	33
30.	Gull Air	NY	241,089	35
31.	AVAir	AA	230,288	
32.	South Central Air		217,591	
33.	Pocono	AL	210,311	40
34.	Royal Hawaiian Air Service		203,801	38
35.	Fischer Brothers	NW	189,921	39
36.	Chaparral	AA	182,406	43
37.	Crownair/Dorado Wings		180,000	41
38.	Southern Jersey	AL	177,895	44
39.	Precision	EA	175,647	47
40.	Trans Air		175,000	
41.	Aero Virgin Island		157,667	
42.	CCAir	PI	149,093	

(Continued on the back of the following page)

43.	Pioneer	CO	148,703	
44.	Virgin Island Seaplane Shuttle		147,619	
45.	ERA	AS	145,000	49
46.	Republic Express	RC	143,509	
47.	San Juan Airlines		135,000	50
48.	Mesaba Airlines	NW	132,967	
49.	NY Helicopter		131,000	
50.	Metro Express II	AA	129,550	

1. Total enplanements top 50 airlines	23,522,000	86%
2. Total industry enplanements	27,270,000	100%
3. Total revenue passenger miles top 50 airlines (000s)	4,115,000	87%
4. Total industry revenue passenger miles (000s)	4,715,000	100%

Notes: (1) Empire will merge into Piedmont Airlines on May 1, 1986 and will be deleted subsequently from future RAA traffic data.
(2) Metro traffic inclusive of all its operating subsidiaries.
(3) Brockway traffic inclusive of its Brockway Airlines and Crown Airways divisions.
(4) Business Express traffic inclusive of Pilgrim Airlines.
(5) Cascade has suspended operations.

1985 REGIONAL AIRLINE RESULTS

	1984	1985	%Change
Passenger Carriers Operating:	203	179	-12%
Traffic Statistics:			
Passengers (millions)	26.1	27.3	+5%
RPMs (billions)	4.17	4.72	+13%
Av. Pax Trip (miles)	160	173	+8%
Aircraft in Service:			
Passenger	1,747	1,745	--
All Cargo	119	121	+2%
Hours Flown in Revenue Service (000s):			
Passenger	2,764	2,854	+3%
All Cargo	86	85	-1%
Total Airports Served in North America:			
by Regional/Commuters	852	854	--
by Majors/Nationals	283	278	-2%
U.S. Airports Exclusively Served			
by Regional/Commuters	598	607	+2%
by Majors/Nationals	12	10	-20%

Source: Regional Airline Association 4/8/86

AIRCRAFT IN REGIONAL AIRLINE PASSENGER SERVICE
Comparison of Aircraft Seating Capacity
by Fleet Size, Hours Flown and Revenue Passenger Miles
1978 versus 1985

	Passenger Seating Capacity					
	1 - 9	10 - 19	20 - 39	40 & Up	Other*	Total
Aircraft in Active Fleet:						
1978.....	667	270	72	22	16	1,047
1985.....	662	639	198	176	70	1,745
% Chg.....	-1%	+137%	+175%	+700%	+338%	+67%
Hours Flown: (000s)						
1978.....	566	474	57	23	11	1,131
1985.....	709	1,320	401	308	116	2,854
% Chg.....	+25%	+178%	+603%	+1,237%	+955%	+152%
Revenue Pax Miles in % of Total Shown:						
1978.....	22%	58%	13%	6%	1%	1.28 bil
1985.....	6%	37%	18%	21%	18%	4.72 bil
% Chg.....						+ 269%

(Other*) includes helicopters and jets.

Notes: 1978 data estimated from CAB reports of commuter activity. 1985 data derived from the RAA Annual Survey of Air Carriers.

Source: Regional Airline Association 4/8/86

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – MARCH UNIT SHIPMENTS

		Mar. 86	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB9	Tampico	0	1
TB10	Tobago	6	9
TB20	Trinidad	4	4
TB21	Trinidad TC	0	0
R110		0	1
R180		0	0
R235		0	0
TOTAL		10	15
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	3	3
BE-A36	Bonanza	7	18
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	1	5
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	0
BE-58	Baron	1	2
BE-58TC	Baron	0	0
BE-58P	Baron	0	1
BE-76	Duchess	0	0
BE-B60	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	0	1
BE-F90-1	King Air	0	0
BE-B100	King Air	0	0
BE-200	Super King Air	1	7
BE-200C	Super King Air	0	0
BE-300	Super King Air	1	7
BE-200T	Super King Air	0	0
BE-1900C	Commuter	1	3
	Beechjet Diamond IA	4	6
TOTAL		19	53
Manufacturers net billing – $15,386,958			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream	4	9
HS-748		1	1
BAe 146-100		1	1
BAe 146-200		2	2
HS-125-800	Model A	1	3
HS-125-800	Model B	0	0
TOTAL		9	16
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2B	Islander	0	0
BN-2T	Islander	1	1
Mark III	Trislander	0	0
TOTAL		1	1
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	1	1
TOTAL		1	1
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		0	0
CE-A152	Aerobat	0	0
CE-172	Skyhawk	16	37
CE-172	Cutlass	0	0
CE-172RG	Cutlass	0	0
CE-182	Skylane	6	13
CE-182	Turbo Skylane	0	1
CE-182RG	Skylane RG	2	2
CE-182RG	Turbo Skylane RG	0	0
CE-185	Skywagon	0	0
CE-U206	Stationair 6	6	11
CE-TU206	Turbo Stationair 6	5	10
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-208	Caravan	2	5
CE-210	Centurion	0	1
CE-T210	Turbo Centurion	6	9
CE-P210	Pressurized Centurion	1	1
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	1	1
CE-335		0	0
CE-340		1	1
CE-402		0	1
CE-404	Titan	0	0
CE-414	Chancellor	1	2
CE-421	Golden Eagle	1	1
CE-425	Conquest I	0	0
CE-441	Conquest II	0	2
CE-500	Citation I	0	0
CE-550S/II	Citation II	2	5
CE-650	Citation III	3	3
REIMS AVIATION			
• Single-Engine			
CE-152		0	0
CE-F152	Aerobat	0	0
CE-F172	Skyhawk	0	0
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		53	106
Manufacturers net billing – $23,436,207			
AVIONS MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	1
AD-My.200	Falcon	0	0
AD-My.50	Falcon	0	3
TOTAL		0	4
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		1	1
DHC-6	Twin Otter	0	0
DHC-7		0	1
DHC-8		3	4
TOTAL		4	6
EMBRAER			
• Single-Engine			
EMB-201	Ipanema	0	4
EMB-710	Carioca	0	0
EMB-711	Corisco	0	2
EMB-712	Tupi	2	2
EMB-720	Minuano	1	4
EMB-721	Sertanejo	0	0
• Multi-Engine			
EMB-110	Bandeirante	0	0
EMB-120	Brasilia	1	1
EMB-121	Xingu	1	2
EMB-810D	Seneca II	1	4
EMB-820		0	0
TOTAL		6	19
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	0
Fairchild 300		0	0
Merlin IV-C		0	0
Metro III		3	4
Expediter		0	0
TOTAL		3	4
GATES LEARJET			
• Multi-Engine			
LR-25D		0	0
LR-25G		0	0
LR-35A		2	2
LR-36A		0	0
LR-55		0	0
TOTAL		2	2

	Mar. 26	Cal. Year
	1	2
	1	1
	1	1
	1	1
	4	5
	0	1
	0	1
	1	2
	1	3
	0	1
	0	1
	1	1
	0	1
	1	1
	0	1
	0	1
	1	1
	0	1
	0	1
	0

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TOP REGIONAL PASSENGER AIRCRAFT (1985)
(Ranked by Total Available Seats Delivered)

Manufacturer/ Model	Percent of Total Fleet Seating Capacity	Total Acft in Airline Service	Fleet Flying Hours (000s)
Fairchild (Swearingen) Metro (all models).....	12.8%	200	430.8
Shorts SD3-30/3-60.....	10.7	88	206.7
Fokker/Fairchild F-27 Series.....	10.0	63	139.3
Fokker F-28.....	7.0	19	52.4
deHavilland Dash 7.....	6.3	37	80.7
British Aerospace Jetstream 31.....	5.5	83	183.1
deHavilland Twin Otter...	5.4	106	181.4
Beech 99.....	5.1	106	217.9
Embraer Bandeirante.....	4.7	86	167.6
British Aerospace 146 Series.....	4.0	9	27.4
Nihon YS-11.....	3.8	25	41.8
Cessna 402/404.....	3.7	198	293.0
Beech 1900.....	3.2	47	108.4
Convair 580 Series.....	2.9	43	41.9
Saab SF340.....	2.6	23	49.5
TOTAL Top Aircraft.....	87.7%	1,133 (65%)	1,928.9 (68%)
All Others in Service.....	12.3%	612 (35%)	924.8 (32%)
TOTAL Industry.....	100.0%	1,745 (100%)	2,853.7 (100%)

Note: Fleet statistics based on aircraft in scheduled service 3/1/86. Aircraft temporarily out of scheduled service have not been included here even though they may have been operated in 1985.

Source: Regional Airline Association 4/8/86

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STATUS OF AIRPORT & AIRWAY TRUST FUND
JANUARY 31, 1986

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 7,883,584,046.66	$ 7,425,506,743.43
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	7,323,000.00	28,842,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	232,000.00	907,000.00
2. Non-commercial 9 cents tax	1,852,000.00	11,511,000.00
3. Non-commercial 3 cents tax	602,000.00	3,741,000.00
4. Transp by air,seats,berths,etc.	206,722,000.00	767,763,000.00
Use of international trav fac	6,893,000.00	27,903,000.00
Transp of property and cargo	11,805,000.00	54,574,000.00
Total Tax Receipts	235,429,000.00	895,241,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	-330.00
2. Any liquid fuel except gas	0.00	-4,216,650.00
3. Gasoline -Retailer's tax	0.00	-1,790.00
4. Gasoline -Manufac. tax	0.00	-43,770.00
Total Reimburse For Tax Refunds	0.00	-4,262,540.00
Net Tax Receipts	235,429,000.00	890,978,460.00
C. Interest on Investments	992,956.38	405,397,647.13
Net Receipts	236,421,956.38	1,296,376,107.13
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	688,497,990.00	781,502,985.34
2. Grants-in-aid for airports	65,988,089.60	329,450,801.92
3. Facilities & equipment	45,472,157.90	213,923,774.77
4. Research engineering & development	21,319,988.95	91,278,041.94
B. NOAA weather services	0.00	6,999,450.00
C. Interest on Refund of Taxes	0.00	20.00
Total Expenditures	821,278,226.45	1,423,155,073.97
IV. BALANCE - END OF PERIOD	7,298,727,776.59	7,298,727,776.59

ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	681.25	
Operations	-562,822,985.34	
Grants-in-aid for Airports	5,405,324.84	
Facilities & Equipment	-11,501,490.41	
Research Engineering & Development	15,557,696.25	
NOAA weather services	550.00	
		$ -553,360,223.41
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
10-1/4% maturing JUNE 30, 1986	$ 259,501,000.00	
10-3/8% maturing JUNE 30, 1986	182,369,000.00	
10-3/4% maturing JUNE 30, 1986	7,410,218,000.00	
		7,852,088,000.00
Total Assets		7,298,727,776.59
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 7,298,727,776.59
Total Liabilities and Equity		7,298,727,776.59